Baker & Taylor (UK) Ltd

Annual report and financial statements

for the year ended 31 March 2018

Company registration number: 02055748

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Officers and professional advisers

Directors

S Biltcliffe
A Burgess
G Powell

Secretary

S Biltcliffe

Registered office

Bicester Park
Charbridge Way
Bicester
Oxfordshire
OX26 4ST

Bankers

NatWest Bank Plc
Norwich City Office
45 London Street
Norwich
NR2 1HX

Solicitors

Buckles Solicitors LLP
Grant House
101 Bourges Boulevard
Peterborough
PE1 1NG

Statutory Auditor

Deloitte LLP
Statutory Auditor
Abbots House
Abbey Street
Reading
RG1 3BD

Baker & Taylor (UK) Ltd
Company registration number: 02055748

Strategic report

The directors present their strategic report on the company for the year ended 31 March 2018. Baker & Taylor (UK) Ltd, is a private company incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is given on page 1.

Principal activities

The company's principal activity is the development and purchase of books and related products for sale to specialty retailers and membership warehouse clubs.

Review of the business

The directors are satisfied overall with both revenue and profit results in the financial year versus the prior year per the KPI table below.

Net assets have continued to grow in the year to 31 March 2018 with a focus on gross margins. Cash management has also returned positive results from the prior year.

The directors believe that the company's prospects for profitable growth are good. Sales and profit levels have been maintained since the end of the year under review.

Key performance indicators

Turnover, gross profit, operating profit and the value of net assets are used as financial key performance indicators (KPIs) by the directors to monitor the performance of the business.

KPI	Year ended 31 March 2018	Year ended 31 March 2017
Turnover	£27,466k	£27,929k
Gross Profit %	23.8%	23.7%
Operating Profit %	1.9%	1.9%
Cash	£2,212k	£1,594k
Net Assets	£8,404k	£7,912k

Principal risks and uncertainties

The principal risks and uncertainties facing the company surround economic factors and social trends that may affect the wholesale distribution of books, and ultimately the level of net income generated.

Competitive pressure in the United Kingdom is a continuing risk to maintain customers and grow the company's customer base. The company manages this risk by providing added value services to its customers, having fast response times not only in supplying products but in handling all customer queries, and by maintaining strong relationships with customers and suppliers.

The costs and finances of the business are actively managed accordingly. The directors regularly review these risks and take mitigating actions when appropriate.

The company's principal assets are stocks and trade debtors. Both are shown net of adequate provision.

The Directors continue to monitor the implications of Brexit as the company sources limited product from within the

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Strategic report (continued)

Principal risks and uncertainties (continued

EU and has a small number of EU customers. Brexit is unlikely to have a major impact on the future operations of the company.

Cyber threats and information security are a constant threat and the company actively pursues strategies to mitigate these risks.

Future developments

The directors expect the general level of activity to remain consistent in the forthcoming year. There are no events since the balance sheet date to report.

Approved by the board of directors and signed on behalf of the board:

G Powell - Director
Date: 7/12/2018

Directors' report

The directors present their annual report on the affairs of the Company, together with the financial statements and auditor's report, for the year ended 31 March 2018.

Future developments

Details of future developments can be found in the Strategic Report on page 2.

Events after the balance sheet date

No events occurred after the balance sheet date.

Going concern

The directors have a reasonable expectation that the Company have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the annual financial statements.

Further details regarding the adoption of the going concern basis can be found in note 1 in the financial statements on page 12

Financial risk management objectives and policies

The directors are responsible for the group's financial risk management. The directors manage these risks on a group basis as detailed below:

Cash flow risk

Interest bearing assets are held at a variable rate to ensure certainty of cash flows.

Credit risk

The Company's principal financial assets are bank balances and cash, trade and other receivables

The Company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the company doesn't use any long or short term debt finance.

Further details regarding liquidity risk can be found in the notes to the financial statements.

Dividends

The directors do not recommend the payment of a dividend up to the date of signing (2017: nil).

Baker & Taylor (UK) Ltd

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Directors' report (continued)

Directors

The directors, who served throughout the year and to the date of signing the financial statements, were as follows:

A Burgess
G Powell
S Biltcliffe

Directors' indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have been deemed re-appointed under section 487 of the 2006 Act.

Approved by the Board and signed on its behalf by;

G.D. Powell

G Powell

Director
Date: 7/12/2018

Directors' responsibilities statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BAKER & TAYLOR (UK) LTD

Report on the audit of the financial statements

Opinion
In our opinion the financial statements of Baker & Taylor (UK) Ltd (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 March 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of income and retained earnings;
- the balance sheet;
- the related notes 1 to 18

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern
We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other information
The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BAKER & TAYLOR (UK) LTD (continued)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BAKER & TAYLOR (UK) LTD (continued)

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Mark Tolley (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Reading

United Kingdom

December 7, 2018

Baker & Taylor (UK) Ltd
Company registration number: 02055748

Statement of income and retained earnings
for the year ended 31 March 2018

	Note	Year to 31 March 2018 £'000	Year to 31 March 2017 £'000
Turnover	3	27,466	27,929
Cost of sales		(20,929)	(21,312)
Gross profit		**6,537**	**6,617**
Distribution costs		(2,591)	(2,699)
Administrative expenses		(3,433)	(3,389)
Operating profit		**513**	**529**
Finance income	4	2	3
Profit before taxation	5	**515**	**532**
Tax on profit	9	(23)	(24)
Profit for the financial year attributable to the equity shareholders of the Company		**492**	**508**
Retained Earnings at 1 April		7,862	7,354
Retained Earnings at 31 March		**8,354**	**7,862**

All results derive from continuing operations.

The company has no recognised gains and losses other than the profits above, and therefore no separate statement of comprehensive income has been presented.

Notes to the financial statements

for the year ended 31 March 2018

1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the period and to the preceding year.

a. General information and basis of accounting

Baker & Taylor (UK) Ltd, is a private company, limited by shares and incorporated in England and Wales under the Companies Act 2006. The address of the registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the strategic report on pages 2 to 3. The financial statements of the company are prepared to the Friday closest to the accounting reference date.

The financial statements have been prepared under the historical cost convention, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of Baker & Taylor (UK) Ltd is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

The Company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. The Company is consolidated in the financial statements of its parent, Baker & Taylor LLC, which may be obtained at 2550 West Tyvola Road, Suite 300, Charlotte, NC 28217, USA. Exemptions have been taken in these separate Company financial statements in relation to financial instruments, presentation of a cash flow statement, presentation of statement of changes in equity, disclosure of related parties and remuneration of key management personnel.

b. Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the strategic report. At 31 March 2018 the Company held cash of £2,212k, net current assets of £8,038k, net assets of £8,404k and continued to trade profitably The directors' report further describes the financial position of the Company; its cash flows, liquidity position and borrowing facilities; the Company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposure to credit risk and liquidity risk.

The Company meets its day to day working capital requirements through its current cash balances. The current economic conditions create uncertainty particularly over (a) the level of demand for the Company's products; (b) thus the consequence for the cost of the Company's finished goods; and (c) the availability of bank finance in the foreseeable future.

The Company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Company should be able to operate within the level to meet its short term obligations.

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Baker & Taylor (UK) Ltd
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Balance sheet
as at 31 March 2018

	Note	31 March 2018 £'000	31 March 2017 £'000
Fixed assets			
Tangible assets	10	366	421
Current assets			
Stocks	11	5,173	4,180
Debtors			
– due within one year	12	4,720	5,224
Cash at bank and in hand		2,212	1,594
		12,105	10,998
Creditors: amounts falling due within one year	13	(4,067)	(3,507)
Net current assets		8,038	7,491
Total assets less current liabilities		8,404	7,912
Net assets		8,404	7,912
Capital and reserves			
Called-up share capital	15	50	50
Profit and Loss account		8,354	7,862
Shareholders' funds		8,404	7,912

The financial statements on pages 10 to 23 were approved by the board of directors and signed on its behalf by:

G Powell

Director

Date: 7/12/2018

Notes to the financial statements (continued)
for the year ended 31 March 2018

1. Accounting policies (continued)

c. Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, other than investment properties and freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight line basis over its expected useful life, as follows:

Plant and machinery	-	5 – 15 years
Fixtures, fittings and equipment	-	5 years

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

d. Financial Instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

(i) Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(ii) Equity instruments

Equity instruments issued by the Company are recorded at the fair value of cash or other resources received or receivable, net of direct issue costs.

(iii) Fair value measurement

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

1. Accounting policies (continued)

e. Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to sell, which is equivalent to the net realisable value. Cost includes materials, direct labour and an attributable proportion of manufacturing overheads based on normal levels of activity. Cost is calculated using the FIFO (first-in, first-out) method. Provision is made for obsolete, slow-moving or defective items where appropriate.

f. Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

(i) Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

(ii) Financial assets

For financial assets carried at amortised cost, the amount of impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

g. Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

When the amount that can be deducted for tax for an asset that is recognised in a business combination is less (more) than the value at which it is recognised, a deferred tax liability (asset) is recognised for the additional tax that will be

1. Accounting policies (continued)

g. Taxation (continued)

paid (avoided) in respect of that difference. Similarly, a deferred tax asset (liability) is recognised for the additional tax that will be avoided (paid) because of a difference between the value at which a liability is recognised and the amount that will be assessed for tax.

Deferred tax liabilities are recognised for timing differences arising from investments in subsidiaries and associates, except where the Company is able to control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to property, plant and equipment measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

h. Turnover

Turnover is stated net of VAT and trade discounts and is recognised when the significant risks and rewards are considered to have been transferred to the buyer. Turnover from the sale of goods is recognised when the goods are dispatched to the customer.

i. Employee benefits

Baker & Taylor (UK) Ltd participates in a defined contribution plan. For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

j. Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

Exchange differences are recognised in profit or loss in the period in which they arise except for:

- exchange differences on transactions entered into to hedge certain foreign currency risks (see above); and
- exchange differences arising on gains or losses on non-monetary items which are recognised in other comprehensive income.

Notes to the financial statements (continued)
for the year ended 31 March 2018

1. Accounting policies (continued)

k. Leases

(i) The Company as lessee

Assets held under finance leases, hire purchase contracts and other similar arrangements, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets at the fair value of the leased asset (or, if lower, the present value of the minimum lease payments as determined at the inception of the lease) and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Company's accounting policies

The critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Stock provisions are made on a consistent basis at the year-end based on an aging profile of the stock holding along with a specific reserve for clearance titles.

Sales returns provision involve an estimate of the level of returns expected to be received post year end in relation to the financial year. Management consistently determine this based on a standard percentage of expected returns of pre year-end sales.

3. Turnover

An analysis of the Company's turnover by geographical market is set out below.

	Year to 31 March 2018 £'000	Year to 31 March 2017 £'000
Turnover:		
United Kingdom	25,259	26,410
Rest of European Union	492	380
Rest of World	1,715	1,139
	27,466	27,929

Notes to the financial statements (continued)
for the year ended 31 March 2018

3. Turnover (continued)

An analysis of the Company's turnover is as follows:

	Year to 31 March 2018 £'000	Year to 31 March 2017 £'000
Sale of goods	26,284	26,872
Rendering of services	1,182	1,057
Total revenue	27,466	27,929

4. Finance income

	Year to 31 March 2018 £'000	Year to 31 March 2017 £'000
Bank interest receivable	2	3

5. Profit before taxation

Profit before taxation is stated after charging/(crediting):

	Year to 31 March 2018 £'000	Year to 31 March 2017 £'000
Depreciation of tangible fixed assets (note 10)	147	140
Operating lease rentals	506	513
Gain on disposal of division	77	-
Foreign exchange (gain)/loss	(1)	1

6. Auditor's remuneration

Fees payable to Deloitte LLP and their associates for the audit of the company's annual accounts were £59k (Year to 31 March 2017: £62k). Deloitte LLP did not provide any other services in both years.

Notes to the financial statements (continued)

for the year ended 31 March 2018

7. Staff numbers and costs

The average monthly number of employees (including executive directors) was:

	Year to 31 March 2018 Number	Year to 31 March 2017 Number
Sales and distribution	117	116
Administration	43	45
	160	161

Their aggregate remuneration comprised:

	Year to 31 March 2018 £'000	Year to 31 March 2017 £'000
Wages and salaries	3,319	3,235
Social security costs	274	267
Other pension costs (see note 18)	127	133
	3,720	3,635

'Other pension costs' includes only those items included within administrative expenses. Items reported elsewhere have been excluded.

8. Directors' remuneration and transactions

	Year to 31 March 2018 £'000	Year to 31 March 2017 £'000
Emoluments	441	424
Company contributions to money purchase pension schemes	34	35
	475	459

	Number	Number
The number of directors who:		
Are members of a money purchase pension scheme	3	3

8. Directors' remuneration and transactions (continued)

	Year to 31 March 2018 £'000	Year to 31 March 2017 £'000
Remuneration of the highest paid director:		
Emoluments	187	162
Company contributions to a money purchase pension scheme	16	13

The highest paid director is a member of the Company's money purchase pension scheme

Directors' advances, credits and guarantees

There were no further transactions with the directors during the period to disclose.

9. Tax on profit

The tax charge comprises:

	Year to 31 March 2018 £'000	Year to 31 March 2017 £'000
Current tax on profit		
UK corporation tax	28	(1)
Prior year adjustment	18	-
Total current tax	46	(1)
Deferred tax		
Origination and reversal of timing differences	(16)	25
Prior year adjustment	(10)	-
Effect of changes in tax rate	3	-
Total deferred tax (see note 14)	(23)	24
Total tax on profit	23	24

The standard rate of tax applied to reported profit is 19 per cent (2017: 20 per cent). In addition to the changes in the rates of Corporation tax disclosed above further changes to the UK corporation tax rates were announced in the Chancellor's 2017 Budget. These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 17% from 1 April 2020. Accordingly these rates are taken into account when calculating the deferred tax assets and liabilities tax position of the Company.
The difference between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

Notes to the financial statements (continued)
for the year ended 31 March 2018

9. Tax on profit (continued)

	Year to 31 March 2018 £'000	Year to 31 March 2017 £'000
Profit before taxation	515	532
Tax on profit on ordinary activities at standard UK corporation tax rate of 19 per cent (2017: 20 per cent)	98	106
Effects of:		
- Expenses not deductible for tax purposes	1	17
- Prior year adjustment	9	-
- Effects of group relief / other reliefs	(87)	(97)
- Tax rate changes	2	(2)
Total tax charge for period	23	24

10. Tangible fixed assets

	Plant and machinery £'000	Fixtures, fittings and equipment £'000	Total £'000
Cost			
At 1 April 2017	2,096	1,725	3,821
Additions	44	49	93
Disposals	-	(4)	(4)
At 31 March 2018	2,140	1,770	3,910
Depreciation			
At 1 April 2017	1,863	1,537	3,400
Disposals	-	(3)	(3)
Charge for the period	69	78	147
At 31 March 2018	1,932	1,612	3,544
Net book value			
At 31 March 2018	208	158	366
At 1 April 2017	233	188	421

Notes to the financial statements (continued)

for the year ended 31 March 2018

11. Stocks

	31 March 2018 £'000	31 March 2017 £'000
Finished goods and goods for resale	5,173	4,180

12. Debtors

	31 March 2018 £'000	31 March 2017 £'000
Amounts falling due within one year:		
Trade debtors	2,543	3,457
Amounts owed by group undertakings	1,737	1,103
VAT	106	106
Deferred tax asset (note 14)	35	12
Prepayments and accrued income	299	546
	4,720	5,224

Amounts owed by group undertakings are interest free, unsecured and repayable on demand.

13. Creditors: amounts falling due within one year

	31 March 2018 £'000	31 March 2017 £'000
Trade creditors	3,219	3,041
Corporation tax	46	9
Other taxation and social security	59	74
Accruals and deferred income	727	360
Defined contribution pension scheme accrual	16	23
	4,067	3,507

Notes to the financial statements (continued)

for the year ended 31 March 2018

14. Deferred tax assets

	Deferred tax £'000
Deferred tax at 1 April 2017	12
Charge for the year:	
Prior year adjustment	9
Charged to profit and loss account	14
At 31 March 2018 (note 9)	23
Deferred tax at 31 March 2018	35

Deferred tax

Deferred tax is provided as follows:

	31 March 2018 £'000	31 March 2017 £'000
Accelerated capital allowances	3	8
Other timing differences	32	4
Deferred tax	35	12

Deferred tax assets and liabilities are offset only where the Company has a legally enforceable right to do so and where the assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity or another entity within the Company.

15. Called-up share capital and reserves

	31 March 2018 £'000	31 March 2017 £'000
Allotted, called-up and fully-paid		
50,000 ordinary shares of £1 each	50	50

The Company has one class of ordinary shares which carry no right to fixed income.

Notes to the financial statements (continued)
for the year ended 31 March 2018

16. Financial commitments

Total future minimum lease payments under non-cancellable operating leases are as follows:

	31 March 2018 Land and buildings £'000	31 March 2018 Other £'000	31 March 2017 Land and buildings £'000	31 March 2017 Other £'000
- within one year	400	10	400	16
- between two and five years	1,600	89	1,600	70
- after five years	400	-	800	-
	2,400	99	2,800	86

17. Employee benefits

Defined contribution scheme

The Company operates defined contribution retirement benefit schemes for all qualifying employees of its. The total expense charged to profit or loss in year ending 31 March 2018 was £127k (31 March 2017: £133k).

18. Controlling party

The immediate parent company is Advanced Marketing (Europe) Limited, a company incorporated in England, who own 100% of Baker & Taylor (UK) Limited, both of the same registered office address stated on page 1.

The parent company Baker and Taylor LLC is owned by Follett Corporation, the ultimate parent, both companies being incorporated in the United States of America. The smallest group in which the results of the company are consolidated is Baker & Taylor LLC, registered office - 2550 West Tyvola Road, Suite 300, Charlotte, NC 28217, USA and the largest is that headed by the ultimate parent company. Copies of these financial statements are available from Follett Corporation, registered office - 3 Westbrook Corporate Center, Westchester, IL 60154, USA.